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UNDERSTANDING FULL-TIME/PART-TIME STATUS IN THE LABOUR FORCE SURVEY

INTRODUCTION

Understanding the definition of full-time and part-time employment status is crucial in interpreting the nature of employment, particularly in the context of substantial growth in the number of persons categorised as employed part-time in recent decades. This article describes the definition of full-time/part-time employment status in the ABS Labour Force Survey (LFS), and the implications of this definition in interpreting and analysing estimates of full-time and part-time employment.

FULL-TIME/PART-TIME IN THE LFS

The LFS defines part-time employed persons as those who **usually** work less than 35 hours per week, **and actually** worked less than 35 hours in the survey reference week **in all of their jobs**. Full-time employed persons are defined as those who **usually** work 35 hours or more per week, regardless of how many hours they actually worked, or those who **actually** worked 35 hours or more in the reference week despite usually working less than 35 hours per week. This definition results in a bias towards people being categorised as employed full-time, as can be seen in Table 1.

LFS Definition of Full-time/Part-time, By Usual and Actual Hours Worked

Actual hours worked	Usual hours worked	
	Less than 35	35 or more
Less than 35	Part-time	Full-time
35 or more	Full-time	Full-time

Actual hours worked refers to hours actually worked during normal periods of work in the reference week, as well as any overtime worked, excluding any time off or leave. Usual hours refers to those worked in a 'typical' period, as opposed to strictly in the specified reference period. Collecting information on usual hours reduces the impact that leave and other absences have on actual hours worked, while actual hours mitigates the subjective nature of defining 'usual' or 'typical' behaviour.

INTERNATIONAL DEFINITIONS AND COMPARISON

International comparisons of full-time/part-time dynamics are difficult, as there is no standard

definition that can be consistently applied for statistical purposes. Full-time/part-time status as designated by the International Labour Organization (ILO) does not include a specific definition for statistical purposes. A part-time worker is defined as "an employed person whose normal hours of work are less than those of comparable full-time workers".¹ The Organisation for Economic Co-operation and Development (OECD) defines part-time work as less than 30 usual hours per week in a person's main job.²

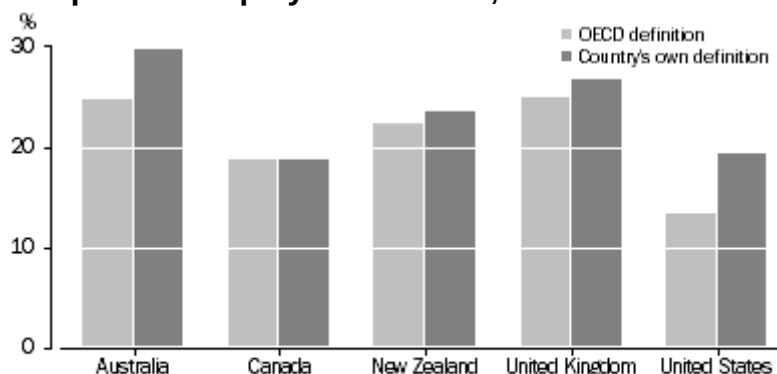
In the absence of an internationally recognised standard definition, different national statistical organisations use different definitions in accordance with their national circumstances and requirements. In terms of how Australia compares to other OECD countries' definitions, Australia is one of 11 (out of 26) countries that uses an hours based definition. Seven of those use 35 hours as the cut-off point. Australia is the only country to use a combination of usual and actual hours, with most countries using usual hours only. For many countries it is unclear whether they consider the total hours worked in all jobs, or the main job only, but of those that do specify, only two countries out of 12 consider all jobs, including Australia. Some examples of the definitions used by countries that are culturally similar to Australia are listed below:

- Statistics Canada follows the OECD definition, defining part-time employment as when an employed person usually works less than 30 hours per week in their main job only. A person who usually works 30 hours or more per week in their main job is considered to be employed full-time.
- Statistics New Zealand defines part-time employment as usually working less than 30 hours per week, while full-time employment is defined as usually working 30 hours or more per week.
- The United Kingdom's Office for National Statistics defines a person as full-time or part-time employed according to the respondent's own interpretation.
- The United States' Bureau of Labor Statistics defines part-time employment as usually working less than 35 hours per week in all jobs. Full-time employment is defined as usually work 35 hours per week or more.

Australia has been using a cut off of 35 hours to distinguish between full-time and part-time employment, and has been using the combination of actual and usual hours (as described above) since the introduction of the monthly LFS in 1978.

Graph 1 shows the proportion of part-time employed persons in each of the countries identified above, according to their own definition of part-time employment, as well as according to the OECD definition.

Graph 1: Proportion Employed Part-time, Selected Countries - 2012 (a)



(a) Data are annual averages.

Source: OECD.Stat – Labour Force Statistics

IMPLICATIONS OF THE FULL-TIME/PART-TIME DEFINITION

The use of different measures to determine full-time/part-time status generates different proportions of persons who would be considered part-time. These measures include using self perception of full-time/part-time status, using usual hours only or using actual hours only, as well as utilising various hours cut-offs.

Hours worked vs perception

Using the relatively high 'hours worked' threshold of 35 hours per week means that around one-in-five employees classified as part-time are working 30-34 hours per week. Full-time arrangements can vary by industry or occupation, and so there will be cases where an employee and/or their employer may consider a 30-34 hour week to be a full-time arrangement. With any fixed cut-off to define full-time/part-time status, a change in status may reflect a subtle change in hours, rather than a substantial transition between full-time status and part-time status. For example, a change from usually working 36 hours to 34 hours would result in a change from full-time to part-time status, without a substantial change in the nature of the working arrangement.

In 2002, the ABS collected data on both self-perception and hours worked to determine full-time/part-time status in the Employee Earnings, Benefits and Trade Union Membership survey (Table 2). A comparison between the two methods found that 255,900 employees who considered themselves to be part-time were considered to be full-time by the hours worked definition, while 196,100 employees who considered themselves to work full-time were found by the hours worked method to be part-time. The LFS definition resulted in a proportion of employees classed as part-time that was 0.7 percentage points higher than self-perception.

Full-time/Part-time Status Based on Self-Perception and Hours Worked^(a): August 2002

Hours-based Method(b)	Self-perception Method		Total '000
	Full-time '000	Part-time '000	
Full-time	5 311.4	255.9	5 567.2
Part-time	196.1	2 163.6	2 359.8
Total	5 507.5	2 419.5	7 927.0

(a) For employees (including owner managers of incorporated enterprises).

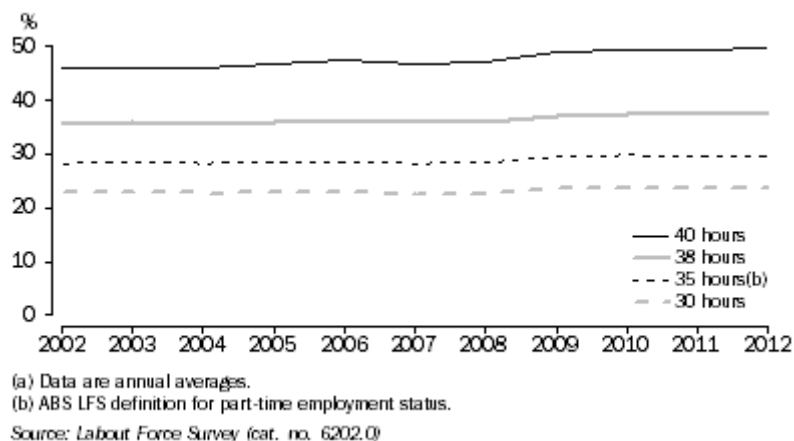
(b) Hours-based method refers to the usual and actual hours definition described previously in this article.

Source: **Employee Earnings, Benefits and Trade Union Membership, Australia** (cat. no. 6310.0)

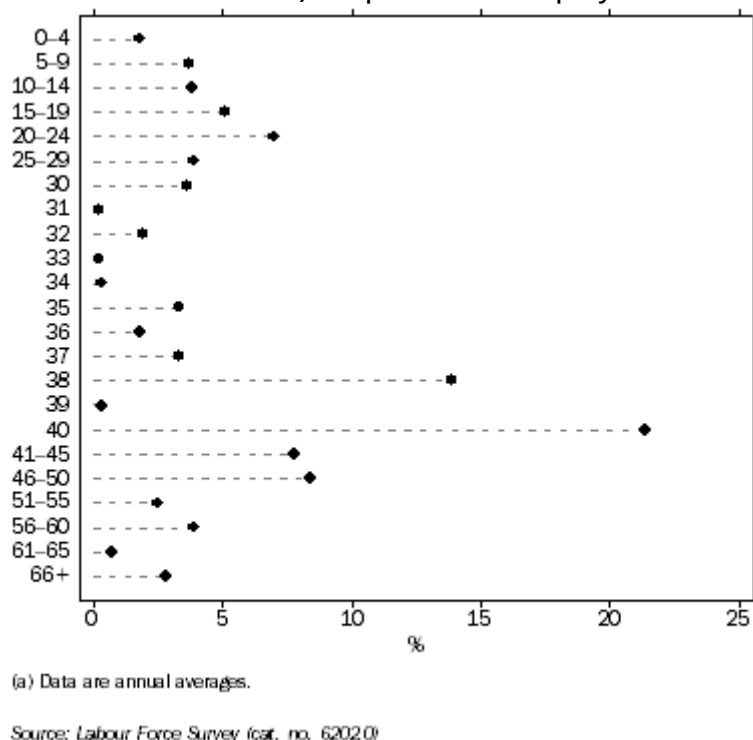
Alternative hours worked cut-offs

Graph 2 demonstrates the difference that alternative hours worked cut-offs such as 30 hours (used by the OECD), 38 hours (used in Australia's National Employment Standards³) and 40 hours (the traditional union working week) would make to determining full-time/part-time status. These alternative cut-offs present level shifts in the proportion of part-time employed persons, with similar trends over time. Graph 3 provides context for assessing the appropriateness of each of these cut-offs by graphing the distribution of usual hours worked, with single hours graphed between 30 and 40 hours.

Graph 2: Persons Employed Part-time, Different Hours Worked Thresholds (a) - 2002 to 2012



Graph 3: Usual Hours Worked, Proportion of Employed Persons - 2012 (a)



Usual hours vs Actual hours

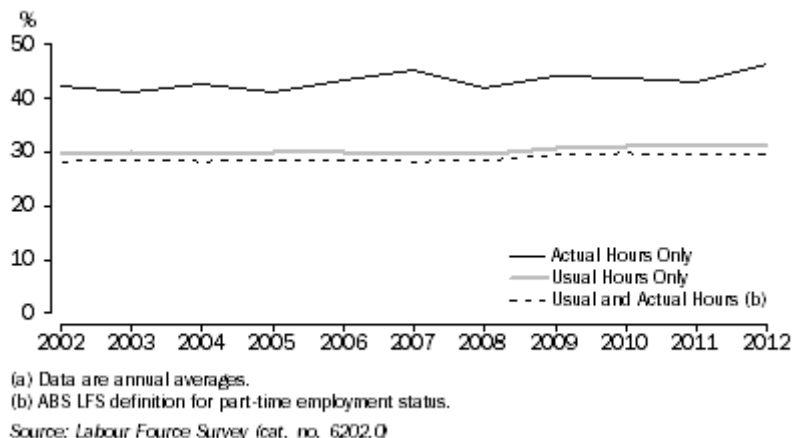
Graph 4 shows that a 'usual hours only' based cut-off results in a slight increase in the proportion of part-time employed, but follows a similar trend to the current (usual and actual hours) definition. In addition to those defined as part-time under the LFS definition, a 'usual hours only' criteria would classify people as part-time who usually work less than 35 hours per week, but actually worked more hours in the reference week. This would lead to counter-intuitive results when looking at average hours worked by full-time/part-time status, i.e. certain cohorts of part-time employed people with average hours per week of 35 hours or more, due to overtime worked.

An 'actual hours only' series is more prone to fluctuations, since it is influenced by factors such as holidays and sick leave which result in full-time employed people working less than 35 hours in some weeks and being classified as part-time.

The current LFS combination of usual and actual hours worked is likely to mask or delay

observation of transitions from full-time to part-time employment, while picking up all transitions from part-time to full-time employment as they occur. That is, when people experience a decrease in hours, they may continue to report their usual hours as full-time hours, and it may be some time before a pattern of decreased hours is considered a change in their usual working pattern.

Graph 4: Persons Working Less than 35 hours, Proportion of Employed Persons (a) - 2002 to 2012



CONCLUSION

Full-time/part-time status in the LFS is determined through a combination of actual hours worked and usual hours worked, using 35 hours per week as the cut-off, and has been defined this way since the introduction of the monthly LFS in 1978. There is no specific international definition of full-time/part-time status, which leads to various alternatives being used by different national statistical organisations. Alternative definitions are also valid and if used in Australia would change the levels of part-time employment. While there are limitations to any approach, a better understanding of the definition used in the LFS will aid in interpretation of the survey data, and help to better understand changes in the Australian labour market.

For further information please contact the Labour Force Estimates on (02) 6252 6525, or via email at labourforce@abs.gov.au.

ENDNOTES

1. International Labour Organization 1994, **C175 - Part-Time Work Convention**, 81st ILC session, Geneva, viewed 8 October 2013 <<https://www.ilo.org>>.
2. Organisation for Economic Cooperation and Development 2013, **Full-time Part-time Employment**, OECD.StatExtracts, viewed 8 October 2013 <<http://stats.oecd.org>>.
3. Fair Work Ombudsman 2012, **Casual, Full-time and Part-time Work**, viewed 8 October 2013 <<http://www.fairwork.gov.au>>.

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